

**Kiwi Wealth KiwiSaver Scheme
Financial Statements
For the year ended 31 March 2019**

Kiwi Wealth KiwiSaver Scheme
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Kiwi Wealth KiwiSaver Scheme

Statements of Changes in Net Assets

For the year ended 31 March 2019

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Investment activities																
Dividend and distribution income	-	-	1	2	9,757	12,077	-	-	1,256	1,523	14,148	16,720	-	-	25,162	30,467
Net gains / (losses) on financial instruments at fair value through profit or loss	2,318	18	2,937	232	66,869	88,633	6,679	2,989	27,938	13,376	61,272	117,116	117,116	-	168,013	222,364
Interest income	2,949	4,122	2,123	2,960	14,420	21,552	2,662	3,641	11,323	17,252	2,672	3,236	392	372	36,441	53,135
Foreign exchange gains/(losses)	-	-	5	(5)	333	(233)	2	(6)	34	(34)	412	(346)	(9)	(33)	777	(677)
Net investment income	5,167	4,140	5,066	3,189	91,379	122,009	9,343	6,769	40,551	32,117	78,504	136,726	333	339	230,393	305,289
Expenses																
Management and administration fees	1,005	813	935	699	15,665	14,027	1,342	1,098	6,989	5,903	13,684	11,914	-	-	39,640	34,484
Transaction fees and expenses	1,005	813	935	699	761	1,356	-	4	95	168	1,116	1,922	9	6	1,981	3,456
Total expenses	2,010	1,626	1,870	1,398	16,446	15,383	1,342	1,102	7,084	6,071	14,800	13,866	9	6	41,621	37,940
Net increase in net assets before membership activities	4,162	3,327	4,131	2,490	74,933	106,626	8,001	5,667	33,467	26,046	63,704	122,860	374	333	188,772	267,349
Net increase in net assets before membership activities																
Memberships activities																
Net increase in net assets before membership activities	4,162	3,327	4,131	2,490	74,933	106,626	8,001	5,667	33,467	26,046	63,704	122,860	374	333	188,772	267,349
Memberships activities																
Contributions / transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employer contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between funds	84,441	62,421	78,378	49,702	349,093	316,438	87,170	71,951	243,768	194,008	321,906	291,766	262,807	234,401	262,807	234,401
Transfers from other schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Member tax credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crown contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefits paid / transfers out / PIE tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to other schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between funds	(49,695)	(31,941)	(42,490)	(28,456)	(283,171)	(205,965)	(41,600)	(32,069)	(162,787)	(119,938)	(232,503)	(166,565)	(186,950)	(151,174)	(186,950)	(151,174)
Member / FIDU refunds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Significant financial hardship withdrawals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals on death and disability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals on serious ill health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdrawals or transfers on permanent emigration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
First home purchase withdrawal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Age of eligibility withdrawal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other withdrawal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PIE tax paid and payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net membership activities	34,746	30,480	35,888	21,244	85,922	110,473	45,570	39,882	80,981	74,070	89,403	125,201	3,500	(8,591)	376,010	392,759
Benefits accrued to members' accounts	38,908	33,807	40,019	23,734	160,855	217,099	53,571	45,549	114,448	100,116	153,107	248,061	3,874	(8,258)	564,742	660,108
Net assets attributable to members at beginning of the year	149,937	116,130	100,817	77,083	1,438,310	1,221,211	1,511,845	1,062,296	607,470	507,354	1,247,568	999,507	(5,157)	3,101	3,690,790	3,030,682
Net assets attributable to members at end of the year	188,685	149,937	140,836	100,817	1,599,165	1,438,310	2,054,416	1,511,845	721,918	607,470	1,400,675	1,247,568	(1,283)	(5,157)	4,255,572	3,690,790

The Statements of Changes in Net Assets should be read in conjunction with the accompanying notes.

Kiwi Wealth KiwiSaver Scheme

Statements of Net Assets

As at 31 March 2019

	Cash Fund		Cash Plus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Assets																
Cash and cash equivalents	1,132	15,022	1,192	10,072	75,631	102,748	1,201	10,107	9,956	36,568	62,856	44,289	22,871	21,278	174,839	240,084
Receivables	-	101	3	352	69	8,451	6	587	36	4,656	44	5,426	-	-	158	19,573
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	187,741	134,836	139,688	90,395	1,524,321	1,337,943	204,246	141,289	712,173	567,864	1,338,782	1,212,813	-	-	4,106,931	3,485,140
Derivative assets	-	-	-	573	-	5,946	-	879	-	5,089	-	-	-	-	-	12,487
Total assets	188,873	149,959	140,863	101,392	1,600,021	1,455,088	205,453	152,862	722,165	614,177	1,401,682	1,262,528	22,871	21,278	4,281,928	3,757,284
Liabilities																
Cash collateral	-	-	-	(520)	-	(6,100)	-	(930)	-	(5,220)	-	-	(86)	-	(98)	(12,770)
Management and administration fees payable	(28)	(21)	(27)	(18)	(407)	(327)	(37)	(26)	(188)	(142)	(356)	(283)	-	-	(1,043)	(817)
Trade and other payables	-	(1)	-	(1)	-	(4,610)	-	-	-	(604)	1	(6,484)	-	-	-	(11,700)
Withdrawals payable	-	-	-	-	-	-	-	-	-	-	-	-	(12,738)	-	(20,496)	(20,496)
PE tax payable	-	-	-	-	-	-	-	-	-	-	-	-	(11,330)	-	(5,939)	(5,939)
Financial liabilities at fair value through profit or loss	-	-	-	(36)	(449)	(5,741)	-	(61)	(59)	(741)	(652)	(8,193)	-	-	(1,160)	(14,772)
Derivative liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities (excluding net assets attributable to members)	(28)	(22)	(27)	(575)	(856)	(16,778)	(37)	(1,017)	(247)	(6,707)	(1,007)	(14,960)	(24,154)	(5,157)	(26,356)	(66,494)
Net assets attributable to members	188,845	149,937	140,836	100,817	1,599,165	1,438,310	205,416	151,845	721,918	607,470	1,400,675	1,247,568	(1,283)	(5,157)	4,255,572	3,690,790
Represented by:																
Member funds	188,845	149,937	140,836	100,817	1,599,165	1,438,310	205,416	151,845	721,918	607,470	1,400,675	1,247,568	(1,283)	(5,157)	4,255,572	3,690,790

The Statements of Net Assets should be read in conjunction with the accompanying notes.

The directors of Kiwi Wealth Limited authorised these financial statements for issue on 4 July 2019:

Director 

Director 

Kiwi Wealth KiwiSaver Scheme

Statements of Cash Flows

For the year ended 31 March 2019

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Cash flows from operating activities																
<i>Cash provided from:</i>																
Sale of investments	126,649	213,701	68,558	92,280	754,756	1,084,353	71,770	84,217	192,861	273,773	947,967	1,227,372	-	-	2,161,961	2,975,696
Interest received	2,614	4,119	2,179	2,887	16,055	20,794	2,743	3,509	12,671	16,789	4,210	3,237	392	372	40,984	51,697
Dividends and distributions received	-	-	1	2	10,563	11,989	-	145	1,354	1,513	16,323	16,515	-	-	27,241	30,164
Realisation of derivatives net	-	-	(49)	66	(42,259)	14,654	(166)	579	(5,622)	2,292	(60,059)	19,607	-	-	(108,154)	37,198
<i>Cash was applied to:</i>																
Purchase of investments	(176,903)	(244,359)	(114,016)	(110,971)	(830,779)	(1,211,506)	(126,564)	(124,293)	(266,727)	(352,511)	(964,471)	(1,376,562)	-	-	(2,509,460)	(3,420,201)
Payment of management and administration fees	-	-	-	-	(5)	(1,366)	-	(4)	-	(188)	(7)	(1,922)	-	-	(39,414)	(34,261)
Transaction fees and expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9)	(6)
Net cash flows from operating activities	(47,640)	(26,539)	(45,327)	(15,726)	(91,669)	(81,071)	(52,217)	(35,847)	(95,463)	(58,332)	(57,636)	(111,753)	(39,031)	(33,895)	(426,983)	(363,163)
Cash flows from financing activities																
<i>Cash was provided from:</i>																
Cash on contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employer contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crow n contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from other schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net transfers between funds	33,750	29,673	34,982	20,551	70,318	96,529	44,239	38,792	74,037	68,204	75,791	113,340	-	-	113,340	406,249
Other contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PEL tax rebates received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Cash was applied to:</i>																
Transfers to other schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Withdraw als	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PEL tax paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash flows from financing activities	33,750	29,673	34,982	20,551	70,318	96,529	44,239	38,792	74,037	68,204	75,791	113,340	40,547	39,160	373,644	406,249
Net increase / (decrease) in cash and cash equivalents	(13,890)	3,134	(9,365)	4,825	(21,351)	15,458	(7,978)	2,945	(21,426)	9,872	18,155	1,587	1,516	5,265	(53,339)	43,086
Add: opening cash and cash equivalents	15,022	11,888	9,552	4,732	96,648	81,443	9,177	6,238	31,348	21,510	44,289	43,048	21,278	16,046	227,314	184,905
Effect of exchange rate fluctuations	-	-	5	(5)	334	(253)	2	(6)	34	(34)	412	(346)	(9)	(33)	227,778	(677)
Closing cash and cash equivalents	1,132	15,022	1,192	9,552	75,631	96,648	1,201	9,177	9,956	31,348	62,856	44,289	22,785	21,278	174,753	227,314

Reconciliation of net increase in net assets before membership activities to net cash flow from operating activities

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s		\$ 000s	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net increase in net assets before membership activities	4,162	3,327	4,131	2,490	74,933	106,626	8,001	5,667	33,467	26,046	63,704	122,860	374	333	188,772	267,349
<i>Adjusted for:</i>																
Sale of investments	126,649	213,701	68,558	92,280	754,756	1,084,353	71,770	84,217	192,861	273,773	947,967	1,227,372	-	-	2,161,961	2,975,696
Purchase of investments	(176,903)	(244,359)	(114,016)	(110,971)	(830,779)	(1,211,506)	(126,564)	(124,293)	(266,727)	(352,511)	(964,471)	(1,376,562)	-	-	(2,509,460)	(3,420,201)
Income from investments	(2,653)	(18)	(2,955)	(161)	(107,073)	(73,226)	(6,766)	(2,404)	(32,152)	(11,050)	(119,095)	(97,163)	8	33	(270,566)	(184,489)
Payment of management fees	998	807	926	693	15,605	13,944	1,331	1,090	6,943	5,866	13,610	11,861	-	-	(39,413)	-
<i>Changes in assets and liabilities:</i>																
Net increase/(decrease) in receivables	-	(3)	-	(63)	809	(846)	-	(132)	99	(493)	1,176	(204)	-	-	2,086	(1,741)
Net increase/(decrease) in payables	7	6	9	6	80	83	11	8	46	37	73	83	-	-	226	223
Net cash flow from operating activities	(47,640)	(26,539)	(45,327)	(15,726)	(91,669)	(81,071)	(52,217)	(35,847)	(95,463)	(58,332)	(57,636)	(111,753)	(39,031)	(33,895)	(426,983)	(363,163)

The Statements of Cash Flows should be read in conjunction with the accompanying notes.

Kiwi Wealth KiwiSaver Scheme

Notes to the Financial Statements

For the year ended 31 March 2019

1. Reporting Entity

The Kiwi Wealth KiwiSaver Scheme (the "**Scheme**") is a defined contribution scheme and is a registered KiwiSaver scheme under the KiwiSaver Act 2006 (registration number KSS10025) and is registered as a KiwiSaver scheme under the Financial Markets Conduct Act 2013 ("**FMCA**") (registration number SCH10713). The Scheme was established (under its previous name, the Gareth Morgan KiwiSaver Scheme) and is governed by a Trust Deed dated 2 April 2007 as amended and consolidated on 7 September 2007, 18 February 2010, 21 April 2011, 2 April 2012, 13 September 2012, 1 April 2014, 1 July 2014 and 29 July 2016, (the "**Trust Deed**"). The Scheme commenced receiving contributions and started investing from 1 October 2007.

These financial statements are for the Scheme, which is domiciled in New Zealand. The financial statements represent the operating result for the year ended 31 March 2019 by Investment Fund, and the comparative period disclosed is the year ended 31 March 2018.

The Supervisor of the Scheme is Public Trust (the "**Supervisor**"). The Manager is Kiwi Wealth Limited (which is a wholly owned subsidiary of Kiwi Wealth Investments Limited Partnership ("**KWILP**"). The Investment Management of the Scheme's assets and administration has been delegated to KWILP. The Manager's registered office is Level 9, 20 Customhouse Quay, Wellington, 6011, New Zealand. KWILP is owned by Kiwi Wealth Management Limited, which is a wholly owned subsidiary of Kiwi Group Holdings Limited. KWILP is owned by Kiwi Wealth Management Limited, which is a wholly owned subsidiary of Kiwi Group Holdings Limited. The ultimate holding companies are New Zealand Post Limited ("**NZ Post**"), Accident Compensation Corporation ("**ACC**") and the Guardians of the NZ Superannuation Fund ("**NZSF**").

The Scheme comprises the Investment Fund's listed below. Each Investment Fund is treated as a separate and distinct Investment Fund with its separate assets and liabilities. The value of each member's interest in the Scheme is determined by amounts held in their Member Account. The Fund gains majority of its investment exposure by investing in investment funds offered by a related party of the Manager ("**Related Party Funds**"). The assets of Related Party Funds are directly invested into a range of fixed interest assets (including bonds, perpetual securities and certain equity securities with fixed income characteristics) and cash assets which are diversified across sectors, issuers, geographic areas, and industries.

The Name of each Investment Fund and its date of establishment is as below:

Default Investment Fund ("Default")	(Established 1 July 2014)
Cash Investment Fund ("Cash")	(Established 12 September 2012)
CashPlus Investment Fund ("CashPlus")	(Established 1 June 2012)
Conservative Investment Fund ("Conservative")	(Established 2 April 2007)
Balanced Investment Fund ("Balanced")	(Established 2 April 2007)
Growth Investment Fund ("Growth")	(Established 2 April 2007)

Kiwi Wealth KiwiSaver Scheme Notes to the Financial Statements (continued)

For the year ended 31 March 2019

1. Reporting Entity (continued)

Transaction Account the Transaction Account recognises all contributions as they are received before they are invested in the Investment Funds. The transaction account is owned by each member in the Scheme. These contributions are invested in a bank account where they earn interest until they are transferred to the relevant Investment Fund. Withdrawals are recognised on an accrual basis in the transaction account once an application has been received and approved. The withdrawals due to be paid are only cashed up from the member's Investment Fund into the Transaction Account as part of the investment cycle and are paid out to members the next day.

The Transaction Account is in a negative net assets position at year end as a result of the timing difference between the recognition of withdrawals payable and PIE tax payable and the application of the investment cycle to withdraw cash from individual portfolios into the transaction account to pay those withdrawals.

This position will reverse within the next investment cycle and the Transaction Account will have sufficient resources to meet its obligations as they fall due. Consequently, there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Transaction Account to continue as a going concern, therefore the adoption of the going concern basis of accounting remains appropriate.

The Trust Deed was amended on 1 April 2014 and 1 July 2014, to amongst other things, (i) require the Supervisor and the Manager to treat the assets and liabilities of each Investment Fund as being exclusively for that Investment Fund, a consequence of which is that each Investment Fund is considered a separate fund for financial reporting purposes, (ii) rename the Scheme to Kiwi Wealth KiwiSaver Scheme and reflect the renaming of the Manager to Kiwi Wealth Limited, and (iii) allow for the investment and fees cycles of the Scheme to operate on weekly intervals. The Trust Deed was amended on 29 July 2016 to amend and consolidate the provisions of the Existing Trust Deed to comply with the FMCA requirements and allow the Scheme to become registered as a KiwiSaver Scheme under the FMCA.

On 26 October 2018, the Scheme transferred its assets into Kiwi Investment Management Funds, which are related parties to the Manager.

Member Account and Rebalancing

When a Member joins the Scheme, the Manager opens a Member Account for that Member. Each Member provides the Manager with an investment direction, selecting the proportion of their Member Account that will be invested in each Investment Fund. A Member Account at any given date lists all money held and all assets held in Investment Funds with regard to that Member.

Contributions received during the week are put into the Scheme's trust account and linked to the Member Account where they earn interest. Each week, the Scheme rebalances the Member Account's to ensure that they are administered in accordance with the prescribed Investment Direction. Some cash is kept in the Member Account to pay fees and taxes. Once the rebalancing computation is complete, money held in the Scheme's trust account is transferred to the Investment Fund(s) in accordance with the Investment Direction elected by each member.

Accordingly, in the Statements of Changes in Net Assets, membership activities such as contributions and withdrawals are recognised in the Transaction Account at the Scheme level. The membership activities for the Investment Funds comprise transactions between the Transaction Account and the Investment Funds and between Investment Funds themselves. These transactions are recognised as 'Transfers in' and 'Transfers out' in the Statements of Changes in Net Assets.

Kiwi Wealth KiwiSaver Scheme

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

2. Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with the Trust Deed, the KiwiSaver Act 2006, the Financial Markets Conduct Act 2013 and New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable financial reporting standards, as appropriate for for-profit entities. The financial statements comply with International Financial Reporting Standards ("IFRS"). The Scheme transitioned to the FMCA on 29 July 2016 and became a registered managed fund investment scheme. The Scheme is a for-profit entity.

Measurement Base

The financial statements have been prepared on a historical cost basis, except for financial instruments held at fair value through profit or loss (FVTPL) measured at fair value. The methods used to measure fair values are discussed further in note 3(h).

Functional and Presentational Currency

The financial statements are presented in New Zealand dollars ("NZ\$"), which is the Scheme's functional and presentation currency. All amounts are expressed in thousands of dollars, unless otherwise stated.

Use of Assumptions, Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 10.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods in these financial statements.

(a) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of 90 days or less.

(b) Statements of Cash Flows

The following are definitions of terms used in the Statements of Cash Flows:

Kiwi Wealth KiwiSaver Scheme Notes to the Financial Statements (continued)

For the year ended 31 March 2019

3. Significant Accounting Policies (continued)

- operating activities - are those relating to the principal revenue-producing activities of the Scheme and other activities that are not financing activities. These include those cash flows relating to the acquisition, holding and disposal of investments, which include investments in securities not falling within the definition of cash.
- financing activities - are those activities that result in changes in the size and composition of Members' Funds.

(c) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the foreign exchange rate prevailing at that date. Foreign exchange differences arising on translation are recognised in profit or loss, except foreign exchange differences arising on financial instruments held at FVTPL which are recognised together with net gains / (losses) on financial instruments at FVTPL in the Statements of Changes in Net Assets.

(d) Income recognition

Income is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Scheme and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

(i) Interest

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(ii) Dividends and distributions

Dividend and distribution income are recognised on the date that the Scheme's right to receive payment is established.

(iii) Changes in fair value of investments

Net gains or losses on investments at FVTPL are calculated as the difference between the fair value at sale, or at period end, and the fair value at the previous valuation point or cost. This includes both realised and unrealised gains and losses, but does not include interest, dividend and distribution income.

(e) Taxation

The Scheme qualifies as, and has elected to be, a multi-rate portfolio investment entity ("**PIE**") for tax purposes. Under the PIE regime, income is effectively taxed in the hands of the members and therefore the Scheme has no tax expense or deferred tax assets or liabilities.

PIE tax in the Statements of Net Assets represents tax payable/receivable on behalf of the Members under the PIE regime. Under the PIE regime, the Manager attributes the income of the Scheme to Members in accordance with their proportionate interest in the Scheme during the period. Taxable income attributed to each Member is taxed at the Member's notified investor rate. The Manager adjusts the Members' interests in the Scheme to reflect that the Scheme pays tax at varying rates on behalf of members.

The Scheme is not registered for GST and consequently all components of the financial statements are stated inclusive of GST where appropriate.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)

For the year ended 31 March 2019

3. Significant Accounting Policies (continued)

(f) Expenses

All expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(g) Member funds

Members' interests in the Scheme provide members with the right to request withdrawals for cash of their interest at the value at which their investments can be realised provided that they meet certain requirements of the KiwiSaver Act 2006. All Members' interests are "puttable instruments". On acceptance of a request of Members eligible to realise their interest, the Investment Manager sells the relevant investments to market or to Members joining the Scheme at market prices for payment to such Members. The expected cash outflow on realisation will depend on when each Member is eligible to request and does request the realisation of such interest. The net assets attributable to each Member depend on that Member's interest in the Scheme and each relevant Investment Fund, and the relevant investment direction. Members do not have identical rights to the net assets of the Scheme and, as a result, Member funds are classified as financial liabilities and measured at amortised cost. Member funds are carried at the withdrawal amount that is payable as at 31 March 2019 if all members exercised their rights to redeem their interests.

(h) Financial instruments

(i) Classification

(a) Assets

The Scheme classifies its instruments based on both the Scheme's business model for managing those financial assets and contractual cash flow characteristics of the financial assets. The Scheme's financial assets are managed and their performance evaluated on a fair value basis. The Scheme is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Scheme's investments in equity instruments are held for trading, and the Scheme has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Scheme's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme's business model's objective. Consequently, all investments are measured at FVTPL.

(b) Liabilities

The Scheme does not make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, nor does it make use of short sales for various arbitrage transactions. The Scheme holds derivative financial instruments. Derivative contracts that have a negative fair value are presented as liabilities at FVTPL.

As such the Scheme classifies all of its investment securities as financial assets or liabilities at FVTPL.

The Scheme's policy requires the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

3. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

(ii) Recognition, Derecognition and Measurement

Regular purchases and sales of investments and derivatives are recognised on the trade date - the date on which the Scheme commits to purchase or sell the investment or derivatives. Financial instruments designated at FVTPL are initially recognised at fair value. Transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments and derivatives have expired or the Scheme has transferred substantially all risks and rewards of ownership. Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at FVTPL' category are presented in profit or loss in the Statements of Net Changes in Assets within other net gains/(losses) in fair value of financial assets and liabilities at FVTPL in the period in which they arise.

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the closing trading on the reporting date.

The fair value of units held by the Scheme in managed investment funds is determined by reference to published bid prices at the close of trading on the reporting date being the redemption price established by the underlying investment fund manager.

For investments with no active markets, fair values are determined using valuation techniques. Such techniques include: using recent arm's length transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Net Assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Scheme or the counterparty.

(i) Financial Assets and Financial Liabilities at Amortised Cost

Financial assets at amortised cost comprise cash and cash equivalents and receivables. These include cash balances and call deposits, accrued interest and dividends, and proceeds expected from sale transactions where the trade date and settlement date spanned the reporting date. The carrying value closely approximates their fair value.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method less any impairment losses (refer to note 3(j) for more information). The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense, including any fees and directly related transaction costs that are an integral part of the effective interest rate, over the expected life of the financial asset or liability so as to achieve a constant yield on the financial asset or liability.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)

For the year ended 31 March 2019

3. Significant Accounting Policies (continued)

(i) Financial Assets and Financial Liabilities at Amortised Cost (continued)

(j) Receivables

Receivables include amounts where settlement has not yet occurred, and include outstanding settlements on the sale of investments. Amounts are generally received within 30 days of being recorded as receivables. With short time period and the high credit quality of the financial assets, investment income receivables and due from debtors measured at amortised cost, the Scheme does not anticipate any expected credit losses to be applicable for these assets.

(ii) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Scheme, and include outstanding settlements on the purchase of investments. Payables are measured initially at fair value and subsequently at amortised cost. Amounts are generally paid within 30 days of being recorded as payables. Given the short-term nature of most payables, the carrying amount approximates their fair value.

(j) Impairment of Assets Carried at Amortised Cost

At the reporting date, the Scheme measures the loss allowance on financial assets, other than those at FVTPL, at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme measures the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the debtor, probability that a debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due and a counterparty credit rating which has fallen below investment grade credit rating BBB-. With short time period and the high credit nature of the financial assets measured at amortised cost, the Scheme does not anticipate any expected credit losses to be applicable for these assets.

(k) New standards and amendments

There are no standards, amendments to standards or interpretations that are not yet effective for annual periods beginning on or after 1 April 2018, which have not been adopted, that will have a material effect on the financial statements of the Funds

Kiwi Wealth KiwiSaver Scheme

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

4. Net gains/(losses) on Financial Instruments at Fair Value through Profit or Loss

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net gains/(losses) from derivatives	-	-	(586)	449	(42,913)	15,725	(984)	1,133	(10,029)	7,488	(52,517)	11,109	-	(107,029)	35,884	
Net gains/(losses) from investments	2,318	18	3,523	(217)	109,782	72,908	7,653	1,856	37,967	5,908	115,789	106,007	-	275,042	186,480	
Total net gains/(losses) on financial instruments at FVTPL	2,318	18	2,937	232	66,869	88,633	6,679	2,989	27,938	13,376	61,272	117,116	-	168,013	222,364	

5. Interest Income

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Interest income on financial assets at FVTPL	2,601	3,758	1,975	2,733	12,058	18,868	2,497	3,429	10,686	16,546	1,303	1,659	-	31,120	47,013	
Interest income on cash and cash equivalents	248	364	148	207	2,562	2,884	165	212	637	706	1,369	1,577	392	5,321	6,122	
Total interest income	2,849	4,122	2,123	2,960	14,420	21,552	2,662	3,641	11,323	17,252	2,672	3,236	392	36,441	53,135	

6. Management and Administration Fees

The fee charged to each Member for the management and administration of the Scheme depends on the Investment Funds elected by the relevant Member and as a 31 March 2019 is up to 1% per annum of the Member's account balance, subject to a minimum fee of \$50 per annum (excluding members that transferred from the KiwiBank KiwiSaver (KBKS) or members of the Default Investment Fund), calculated and deducted weekly by the Manager. This fee covers charges for supervision services, administration services and investment management services (among others) but does not cover third party costs incurred in the buying, selling or holding of investments, such as brokerage or any third party charges incurred in investing in unit trusts.

The minimum fee for a member that transferred from the KBKS is \$12 per annum. The minimum fee for members of the Default Investment Fund is \$40 per annum.

Audit Fees

Fees charged by Auditor, and paid by the Manager, for the audit of the financial statements totalled \$99,900 excluding GST (2018: \$108,600 excluding GST). Auditor also performs Supervisor and Registry compliance services totalling \$5,150 excluding GST (2018: \$5,000).

7. Receivables

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Accrued interest	-	100	3	352	45	4,705	6	586	36	4,211	4	13	-	94	9,967	
Accrued dividends	-	-	-	-	28	835	-	-	3	101	41	1,216	-	72	2,152	
Receivables for securities sold	-	-	-	-	-	2,913	-	-	-	346	-	4,197	-	-	7,456	
Other	-	1	-	352	(4)	(2)	-	1	(3)	(2)	(1)	-	-	(8)	(2)	
Total receivables	-	101	3	352	69	8,451	6	587	36	4,656	44	5,426	-	158	19,573	

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

8. Financial Assets/Liabilities held at Fair Value through Profit and Loss

Except for related party investments detailed in note 15, as at 31 March 2019 the funds of the Scheme were invested in a range of financial instruments not related to the Manager, Supervisor or Investment Manager. Forward foreign exchange contracts were the only derivatives used by the Scheme during the year.

Financial Assets and Liabilities

Accounting classifications and fair values

A summary of the main instruments held by the Scheme as at 31 March 2019 are below, noting that during the year, the Scheme did an in-specie transfer.

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Assets	\$ 000s															
Financial assets at FVTPL																
Fixed interest	-	134,836	-	-	90,256	540,770	-	110,816	-	465,850	-	73,099	-	-	-	1,415,627
Equities	-	-	-	-	-	536,034	-	-	65,252	-	781,088	-	-	-	-	1,382,374
Unlisted unit trusts	187,741	-	139,668	139	1,524,321	261,139	30,473	712,173	36,762	1,338,782	358,626	-	-	-	4,106,931	
Investments	187,741	134,836	139,668	90,395	1,524,321	1,337,943	141,289	712,173	567,864	1,338,782	1,212,813	-	-	-	4,106,931	
Derivative assets	-	-	-	573	-	5,946	-	879	5,089	-	-	-	-	-	-	12,487
Total financial assets measured at fair value	187,741	134,836	139,668	90,968	1,524,321	1,343,889	142,168	712,173	572,953	1,338,782	1,212,813	-	-	-	4,106,931	
Amortised cost																
Cash and cash equivalents	1,132	15,022	1,192	10,072	75,631	102,748	1,201	10,107	9,956	36,568	62,856	44,289	22,871	21,278	174,839	240,084
Trade and other receivables	-	101	3	352	69	8,451	6	587	36	4,656	44	5,426	-	-	158	19,573
Total financial assets at amortised cost	1,132	15,123	1,195	10,424	75,700	111,199	1,207	10,694	9,992	41,224	62,900	49,715	22,871	21,278	174,997	259,657
Total financial assets	188,873	149,959	140,863	101,392	1,600,021	1,455,088	152,862	722,165	614,177	1,401,682	1,262,528	22,871	21,278	4,281,928	3,757,284	
Financial liabilities at FVTPL																
Derivative liabilities																
Total financial liabilities measured at fair value	-	-	-	(36)	(449)	(5,741)	(61)	(59)	(741)	(552)	(8,193)	-	-	(1,160)	(14,772)	
Amortised cost																
Cash collateral	-	-	-	(520)	-	(6,100)	(930)	(5,220)	(142)	(356)	(283)	(86)	-	-	(86)	(12,770)
Management and administration fees payable	(28)	(21)	(27)	(18)	(407)	(327)	(26)	(142)	(188)	(142)	(283)	-	-	-	(1,043)	(817)
Trade and other payables	-	(1)	-	(1)	-	(4,610)	-	(604)	-	1	(6,484)	-	-	-	1	(11,700)
Withdrawals payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,486)
PE tax payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,738)	
Member funds	(188,845)	(149,937)	(140,836)	(100,817)	(1,559,165)	(1,438,310)	(151,845)	(721,918)	(607,470)	(1,400,675)	(1,247,568)	(11,330)	(5,939)	(11,330)	(5,939)	
Total financial liabilities measured at amortised cost	(188,845)	(149,937)	(140,836)	(100,356)	(1,559,572)	(1,449,347)	(152,801)	(722,106)	(613,436)	(1,401,030)	(1,254,335)	1,283	5,157	(4,255,572)	(3,690,790)	
Total financial liabilities	(188,873)	(149,959)	(140,863)	(101,392)	(1,600,021)	(1,455,088)	(152,862)	(722,165)	(614,177)	(1,401,682)	(1,262,528)	22,871	21,278	(4,281,928)	(3,757,284)	

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

8. Financial Assets/Liabilities held at Fair Value through Profit and Loss (continued)

The underlying investments that exceeded 5% of net assets held by each Investment Fund or 5% of each financial instrument type within that Investment Fund is set out below:

		Cash Fund					
		2019		2018			
		Fair Value \$ 000s	Investment Fund % of Fund	Instrument Type % of Instrument Type	Fair Value \$ 000s	Investment Fund % of Fund	Instrument Type % of Instrument Type
Investment securities that exceed 5% of net assets of each fund or instrument type							
Kiwi Investment Management Cash Fund	Unlisted Unit Trust	187,741	99%	100%	-	-	-
Westpac Term Deposit	Fixed Interest	-	-	-	28,766	19%	21%
Bank of New Zealand Term Deposit	Fixed Interest	-	-	-	29,820	20%	22%
ANZ Bank Term Deposit	Fixed Interest	-	-	-	23,596	16%	17%
UDC Finance Term Deposit	Fixed Interest	-	-	-	13,384	9%	10%
ASB Term Deposit	Fixed Interest	-	-	-	7,127	5%	5%
CashPlus Fund							
		2019		2018			
		Fair Value \$ 000s	Investment Fund % of Fund	Instrument Type % of Instrument Type	Fair Value \$ 000s	Investment Fund % of Fund	Instrument Type % of Instrument Type
Investment securities that exceed 5% of net assets of each fund or instrument type							
Kiwi Investment Management Cash Fund	Unlisted Unit Trust	83,574	59%	60%	-	-	-
Kiwi Investment Management Core Fixed Income Fund	Unlisted Unit Trust	56,094	40%	40%	-	-	-
Westpac Term Deposit	Fixed Interest	-	-	-	13,438	13%	15%
ANZ Bank Term Deposit	Fixed Interest	-	-	-	12,310	12%	14%
Bank of New Zealand Term Deposit	Fixed Interest	-	-	-	11,864	12%	13%
UDC Finance Term Deposit	Fixed Interest	-	-	-	6,924	7%	8%
ASB Term Deposit	Fixed Interest	-	-	-	4,340	4%	5%
PIMCO Global Bond Fund	Unlisted Unit Trust	-	-	-	139	-	100%

Kiwi Wealth KiwiSaver Scheme

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

8. Financial Assets/Liabilities held at Fair Value through Profit and Loss (continued)

		Balanced Fund			
		2019		2018	
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	Fair Value \$ 000s	% of Investment Fund	Fair Value \$ 000s	% of Investment Fund
Kiwi Investment Management Core Fixed Income Fund	Unlisted Unit Trust	640,278	40%	-	-
Kiwi Investment Management Wholesale Global Thematic Fund - Hedged	Unlisted Unit Trust	204,731	13%	-	-
Kiwi Investment Management Wholesale Global Quant Fund - Hedged	Unlisted Unit Trust	169,577	11%	-	-
Core Global Fund- Hedged	Unlisted Unit Trust	132,489	8%	97,583	7%
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged	Unlisted Unit Trust	129,480	8%	-	-
Kiwi Investment Management Wholesale Global Quant Fund - Unhedged	Unlisted Unit Trust	107,251	7%	-	-
Core Global Fund- Unhedged	Unlisted Unit Trust	83,791	5%	98,162	7%
GMO Systematic Global Macro Trust	Unlisted Unit Trust	21,246	1%	20,067	1%
ISAM Systematic Trend (Class Q)	Unlisted Unit Trust	13,781	1%	16,158	1%
Westpac Term Deposit	Fixed Interest	-	-	41,758	3%
Landwirtschafliche Rentenbank	Fixed Interest	-	-	36,181	3%
PIMCO Global Bond Fund	Unlisted Unit Trust	-	-	12,441	1%
Default Fund					
		2019		2018	
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	Fair Value \$ 000s	% of Investment Fund	Fair Value \$ 000s	% of Investment Fund
Kiwi Investment Management Core Fixed Income Fund	Unlisted Unit Trust	98,333	48%	-	-
Kiwi Investment Management Cash Fund	Unlisted Unit Trust	65,108	32%	-	-
Core Global Fund- Unhedged	Unlisted Unit Trust	20,554	10%	15,282	10%
Core Global Fund- Hedged	Unlisted Unit Trust	20,251	10%	15,191	10%
Westpac Term Deposit	Fixed Interest	-	-	14,254	9%
ANZ Term Deposit	Fixed Interest	-	-	12,753	8%
Bank of New Zealand Term Deposit	Fixed Interest	-	-	11,662	8%
UDC Finance Term Deposit	Fixed Interest	-	-	5,423	4%
ASB Term Deposit	Fixed Interest	-	-	5,128	3%

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

8. Financial Assets/Liabilities held at Fair Value through Profit and Loss (continued)

		Conservative Fund				
		2019		2018		
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	Fair Value \$ 000s	% of Investment Fund	Fair Value \$ 000s	% of Investment Fund	Instrument Type
Kiwi Investment Management Core Fixed Income Fund	Unlisted Unit Trust	595,750	82%	-	-	-
Core Global Fund- Unhedged	Unlisted Unit Trust	18,900	3%	11,653	2%	32%
Core Global Fund- Hedged	Unlisted Unit Trust	9,594	1%	11,534	2%	31%
GMO Systematic Global Macro Trust	Unlisted Unit Trust	2,838	-	2,397	0%	7%
ISAM Systematic Trend (Class Q)	Unlisted Unit Trust	1,702	-	1,952	0%	5%
Westpac Term Deposit	Fixed Interest	-	-	34,198	6%	7%
Landw irtschaftliche Rentenbank	Fixed Interest	-	-	30,924	5%	7%
PMCO Global Bond Fund	Unlisted Unit Trust	-	-	7,200	1%	20%
Growth Fund						
Investment securities that exceed 5% of net assets of each fund or instrument type	Instrument Type	Fair Value \$ 000s	% of Investment Fund	Fair Value \$ 000s	% of Investment Fund	Instrument Type
Kiwi Investment Management Wholesale Global Thematic Fund - Hedged	Unlisted Unit Trust	317,853	23%	-	-	-
Kiwi Investment Management Wholesale Global Quant Fund - Hedged	Unlisted Unit Trust	263,555	19%	-	-	-
Core Global Fund- Hedged	Unlisted Unit Trust	205,691	15%	141,078	11%	39%
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged	Unlisted Unit Trust	170,170	12%	-	-	-
Kiwi Investment Management Wholesale Global Quant Fund - Unhedged	Unlisted Unit Trust	141,106	10%	-	-	-
Core Global Fund- Unhedged	Unlisted Unit Trust	110,121	8%	141,924	11%	40%
Kiwi Investment Management Cash Fund	Unlisted Unit Trust	47,658	3%	-	-	-
GMO Systematic Global Macro Trust	Unlisted Unit Trust	31,006	2%	27,529	2%	8%
ISAM Systematic Trend (Class Q)	Unlisted Unit Trust	20,330	1%	23,657	2%	7%
UDC Finance Term Deposit	Fixed Interest	-	-	51,324	4%	70%
Westpac Banking Term Deposit	Fixed Interest	-	-	20,192	2%	28%

**Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

8. Financial Assets/Liabilities held at Fair Value through Profit and Loss (continued)

Investment securities that exceed 5% of net assets of each fund or instrument type	Total Scheme					
	2019		2018			
Instrument Type	Fair Value \$ 000s	% of Investment Fund	% of Instrument Type	Fair Value \$ 000s	% of Investment Fund	% of Instrument Type
Kiwi Investment Management Core Fixed Income Fund	1,390,454	33%	34%	-	-	-
Kiwi Investment Management Wholesale Global Thematic Fund - Hedged	537,395	13%	13%	-	-	-
Kiwi Investment Management Wholesale Global Quant Fund - Hedged	445,425	10%	11%	-	-	-
Kiwi Investment Management Cash Fund	384,081	9%	9%	-	-	-
Core Global Fund- Hedged	368,025	9%	9%	265,386	7%	39%
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged	328,829	8%	8%	-	-	-
Kiwi Investment Management Wholesale Global Quant Fund - Unhedged	272,576	6%	7%	-	-	-
Core Global Fund- Unhedged	233,366	5%	6%	267,021	7%	39%
GMO Systematic Global Macro Trust	55,090	1%	1%	49,992	1%	7%
ISAM Systematic Trend (Class Q)	35,812	1%	1%	41,767	1%	6%
Westpac Term Deposit	-	-	-	152,606	4%	11%
UDC Finance Term Deposit	-	-	-	108,265	3%	8%
ANZ Term Deposit	-	-	-	93,218	2%	7%
Bank of New Zealand Term Deposit	-	-	-	82,324	2%	6%
Landwirtschaftliche Rentenbank	-	-	-	73,630	2%	5%

Kiwi Wealth KiwiSaver Scheme Notes to the Financial Statements (continued)

For the year ended 31 March 2019

9. Members' Benefits

(a) Net assets available to pay benefits

All available funds are allocated to Member accounts. The Scheme does not have separate employer accounts and does not have any reserve funds.

(b) Vested benefits

Vested benefits are benefits which, under the conditions of the Scheme, are not conditional on continued membership. Under the Trust Deed all benefits are fully vested. The value of vested Member benefits as at 31 March 2019 is \$4,256m (2018: \$3,691m).

(c) Guaranteed benefits

No guarantees have been made in respect of any part of the liability for accrued benefits.

10. Fair value of Financial Instruments

These disclosures supplement the commentary on financial risk management in note 12.

Key source of estimation uncertainty

Determining fair values

The determination of fair values of financial assets and liabilities for which there is no observable market price requires the use of valuation techniques, described below. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also "Valuation of financial instruments" below.

Valuation of financial instruments

The Scheme's accounting policy on fair value measurements is explained in note 3(h).

The Scheme measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation, as well as instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer prices and yield quotations. For all other financial instruments, the Scheme determines fair values using valuation techniques. For investments with no active market, fair values are determined using valuation techniques that may make use of recent arm's length transactions of comparable instruments, reference to current market data of comparable instruments, discounted cash flow analysis and option pricing models, and use as much available and supportable market data as possible with judgemental inputs kept to a minimum. There have been no transfers between the levels.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

10. Fair value of Financial Instruments (continued)

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Investment Assets	\$ 000s													
Level 1														
Fixed Interest	-	-	-	537	-	8,748	-	799	-	7,697	-	-	-	17,781
Equities	-	-	-	-	-	536,034	-	-	-	65,253	-	781,087	-	1,382,374
Level 2														
Fixed Interest	-	134,836	-	89,719	-	532,022	-	110,017	-	458,152	-	73,100	-	1,397,846
Unlisted unit trusts	187,741	-	139,668	139	1,524,321	261,139	204,246	30,473	712,173	36,762	1,338,782	358,626	4,106,931	687,139
Forward foreign exchange contracts	-	-	-	537	(449)	205	-	818	(59)	4,348	(652)	(8,193)	(1,160)	(2,285)
	187,741	134,836	139,668	90,395	1,523,872	793,366	204,246	141,308	712,114	499,262	1,336,130	423,533	4,105,771	2,082,700
Total	187,741	134,836	139,668	90,932	1,523,872	1,338,148	204,246	142,107	712,114	572,212	1,338,130	1,204,620	4,105,771	3,482,855

As at balance date, there were no Level 3 instruments.

11. Funding Policy

The Scheme is a defined contribution scheme as defined by the KiwiSaver Act 2006. Funding in the form of contributions is received primarily from three sources: Members of the Scheme; employers of Members of the Scheme; and the Crown (in accordance with the provisions of the KiwiSaver Act 2006). Members may contribute to the Scheme at varying designated rates linked to their salaries or in lump sum payments. Members may pay additional contributions to the Scheme in excess of any salary linked contributions. As of 31 March 2019, employer contribution rates are 3% or greater (31 March 2018: 3% or greater) of each relevant Member's gross salary or wages.

12. Financial Risk Management

The Scheme may be exposed to credit risk, settlement risk, liquidity risk, market price risk, interest rate risk and foreign currency risk through their financial instruments. This note presents information about the Scheme and Investment Fund's exposure to each of these risks, the Scheme's policies and processes for managing such risks and the management of Net Assets. The risk disclosures have been prepared on the Scheme direct holdings and not on a full look-through to account for investments held indirectly through other managed funds (such as certain listed and unlisted unit-trusts). Compliance reports are provided to the Supervisor and to the Investment Governance Committee ("IGC") on a regular basis. The IGC's role is to provide governance oversight on investment related risk taking activities.

Risk management framework

The Scheme's investment is determined by the Members' investment directions, asset allocation limits, and investment guidelines. The asset allocation limits determine the extent to which each Investment Fund can invest in certain asset groups. The investment guidelines establish target bands for each asset group within each Investment Fund and guide the extent to which an Investment Fund can be invested in single issuers, issuer types and third party investment managers. Compliance with the asset allocation limits and the composition of the Scheme is monitored by the Manager on a regular basis. Should the Scheme exceed an asset allocation limit, the Investment Manager is obliged to take actions to rebalance to ensure compliance with the limit.

Kiwi Wealth KiwiSaver Scheme Notes to the Financial Statements (continued)

For the year ended 31 March 2019

12. Financial Risk Management (continued)

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument in which the Scheme and Investment Fund has an interest will fail to discharge an obligation or commitment that it has entered, resulting in a financial loss to the Scheme and the Investment Fund. It arises from fixed interest securities, derivative financial instruments, cash and cash equivalents, and receivables held by or on behalf of the Scheme and the Investment Fund. For risk management reporting purposes, the Scheme considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Management of credit risk

The Scheme measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 March 2019 all amounts due and cash held with counterparties with a credit rating of AAA/AAa or higher and are due to be settled within 1 week. Management consider the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Scheme. The investment policies applying to the Scheme only allow fixed interest investments in liquid securities at purchase, meaning that there is a secondary market available where these assets are readily traded. In addition, the Investment Manager has established an approval process for establishing new counterparties or derivatives.

The following investment guidelines apply to the Scheme. Given the range of assets and issuers and in some cases the complex relationships that exist in financial markets, it is important to see the below as guidelines rather than rigid rules.

- Direct exposure to a single commonly recognised investment manager (including any related parties of that investment manager) is limited to 50% of the Scheme's assets.
- Direct exposure to any one underlying security is limited to 7.5% of the Scheme's assets.
- Cash and derivatives are excluded, but remain subject to the diversification principle.
- Direct exposure to fixed interest securities of any one underlying issuer (e.g. bank or corporate) is limited to 15% of the Scheme's assets, unless the issuer is either of:
 - The New Zealand Government; or
 - The New Zealand Local Government Funding Agency Limited (or its successor, or an entity issuing securities on its behalf), in which event direct exposure to fixed interest securities is limited to 50% of the Scheme's assets.
- Broader exposure (e.g. cash and derivatives) to any one underlying issuer is limited to 50% of the Scheme's assets.
- Limit total exposure to non-investment grade credit to no more than 25% of the Scheme's assets.

Exposure to credit risk

The carrying amount of the Scheme and each Investment Fund's cash and cash equivalents, receivables, investments in fixed interest securities and derivative financial instruments represent the Scheme and each Investment Fund's maximum credit exposure at balance date.

During the 31 March 2017 period a Credit Support Annex (CSA) agreement was implemented as a means of managing credit risk for derivative instruments. This regulates the credit support (collateral) between the two parties for derivative transactions.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

12. Financial Risk Management (continued)

An exposure of greater than 5% of the value of the Scheme's assets to a counterparty is defined as significant. The Scheme and each Investment Funds maximum exposure to credit risk for cash and cash equivalents by significant counterparty is as follows:

	2019	% of Investment Fund	2018	% of Investment Fund
ASB Bank Limited - cash and cash equivalents				
Investment Fund	\$ 000s		\$ 000s	
Transaction Account	22,871	100%	21,278	100%
Total ASB Bank Limited related credit risk exposure	22,871	100%	21,278	100%

Westpac Limited (held on behalf of the Scheme by JBWere (NZ) Nominees Limited) - cash and cash equivalents

	2019	% of Investment Fund	2018	% of Investment Fund
Investment Fund	\$ 000s		\$ 000s	
Cash	1,132	1%	15,007	10%
CashPlus	1,192	1%	9,542	9%
Balanced	75,631	5%	95,972	7%
Default	1,201	1%	9,168	6%
Conservative	9,956	1%	31,249	5%
Grow th	62,856	4%	43,374	3%
Total Westpac Limited related credit risk exposure	151,968	4%	204,312	6%

The Investment Manager monitors the financial position of each bank on an on-going basis. At balance date, the Scheme had cash and cash equivalents related credit exposure to ASB Bank Limited and Westpac Limited, both of which have a credit rating of AA- (2018: AA-) from Standard & Poor's, totalling \$174.9m (2018: \$240.1m).

Credit risk arising on fixed interest securities is mitigated by diversification by issuer and industry and by maintaining an investment grade rating on average. The size of investments positions are determined by ratings according to Standard & Poor's. The Investment Manager reviews investment ratings regularly and rebalances the Investment Funds where necessary.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

12. Financial Risk Management (continued)

The Scheme may also invest in unrated fixed interest securities. Unrated fixed interest securities are included within the "Not Rated" category in the below table. At 31 March 2019, the funds' assets were invested in Managed Funds, which are not rated.

Rating	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
AAA	-	-	-	12%	-	30%	-	20%	-	29%	-	-	-	24%
AA+ AA AA-	-	73%	-	58%	-	33%	-	52%	-	32%	-	30%	39%	
A+ A A-	-	14%	-	14%	-	15%	-	12%	-	15%	-	-	14%	
BBB+ BBB BBB-	-	13%	-	16%	-	21%	-	16%	-	22%	-	70%	23%	
BB+ BB BB-	-	-	-	-	-	-	-	-	-	1%	-	-	-	
Not Rated	100%	-	100%	-	100%	1%	-	-	100%	1%	100%	-	-	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

Derivative financial instruments

The Scheme uses over the counter ("OTC") derivatives. OTC derivatives expose the Scheme to the risk that the counterparties to the derivative financial instruments might default on their obligations to the Scheme. Derivative profit or loss positions are monitored daily and the counterparty risk is managed within the Scheme's investment guidelines. Such guidelines permit entry by the Scheme into certain OTC derivatives where the Manager (or its delegate) considers it in the best interests of the Scheme and its Members, provided that the Manager (or its delegate) neither enters any OTC derivatives that give rise to obligations beyond the value of the Scheme's assets, nor exceeds any limit agreed from time to time by the Supervisor and Manager on the size of a OTC derivatives contract.

Derivative financial instruments are principally transacted with counterparties that have a credit rating of at least AA-, as determined by Standard & Poor's, and with whom the Manager has netting arrangements. The netting arrangements provide for the net settlement of certain contracts with the same counterparty in the event of default. As a result of such netting arrangements, at 31 March 2019, the Scheme would be entitled to offset derivative assets against derivative liabilities or portions of them in the event of counterparty defaults.

For the purposes of reporting in the Statements of Net Assets, where applicable, outstanding derivative financial assets and liabilities have been netted. The net exposure to credit risk may change significantly within a short period of time due to the highly volatile nature of the fair value of the derivatives underlying the arrangements.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

12. Financial Risk Management (continued)

Derivative financial instruments

Financial arrangements subject to offsetting, enforceable master netting arrangements, and similar agreements:

Forward foreign exchange contracts as at 31 March 2019	Gross amounts of recognised financial assets set-off in the Statement of Net Assets		Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets		Related amounts not set-off in the Statement of Net Assets		Gross amounts of recognised financial assets		Gross amounts of recognised financial liabilities		Net amounts of financial assets presented in the Statement of Net Assets		Cash collateral received		Net amount	
	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s
Description	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CashPlus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balanced	-	-	-	-	-	-	-	-	-	(449)	-	(449)	-	-	-	(449)
Default	-	-	-	-	-	-	-	-	-	(59)	-	(59)	-	-	-	(59)
Conservative	-	-	-	-	-	-	-	-	-	(652)	-	(652)	-	-	-	(652)
Grow th	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	(1,160)	-	(1,160)	-	-	-	(1,160)

Forward foreign exchange contracts as at 31 March 2018

Description	Gross amounts of recognised financial assets set-off in the Statement of Net Assets		Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets		Related amounts not set-off in the Statement of Net Assets		Gross amounts of recognised financial assets		Gross amounts of recognised financial liabilities		Net amounts of financial assets presented in the Statement of Net Assets		Cash collateral received		Net amount	
	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s
CashPlus	656	(104)	21	(36)	537	(520)	17	656	(36)	(520)	17	656	(520)	17	17	
Balanced	7,815	(7,377)	330	(563)	205	(6,100)	(5,895)	7,815	(563)	(6,100)	(5,895)	7,815	(6,100)	(5,895)	(5,895)	
Default	932	(143)	90	(61)	818	(930)	(112)	932	(61)	(930)	(112)	932	(930)	(112)	(112)	
Conservative	6,105	(1,562)	285	(480)	4,348	(5,220)	(872)	6,105	(480)	(5,220)	(872)	6,105	(5,220)	(872)	(872)	
Grow th	1,066	(9,259)	-	-	(8,193)	-	(8,193)	1,066	-	-	(8,193)	1,066	-	(8,193)	(8,193)	
Total	16,574	(18,445)	726	(1,140)	(2,285)	(12,770)	(15,055)	16,574	(1,140)	(12,770)	(15,055)	16,574	(12,770)	(15,055)	(15,055)	

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

12. Financial Risk Management (continued)

Derivative financial instruments

Offsetting and amounts subject to netting arrangements and similar agreements

Financial arrangements subject to offsetting, enforceable master netting arrangements, and similar agreements:

Description	Forward foreign exchange contracts as at 31 March 2019		Forward foreign exchange contracts as at 31 March 2018	
	Gross amounts of recognised financial assets set-off in the Statement of Net Assets \$ 000s	Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets \$ 000s	Gross amounts of recognised financial assets set-off in the Statement of Net Assets \$ 000s	Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets \$ 000s
CashPlus	-	-	656	(104)
Balanced	-	-	7,815	(7,377)
Default	-	-	932	(143)
Conservative	-	-	6,105	(1,562)
Grow th	-	-	1,066	(9,259)
Total	-	-	16,574	(18,445)

Description	Forward foreign exchange contracts as at 31 March 2019		Forward foreign exchange contracts as at 31 March 2018		Related amounts not set-off in the Statement of Net Assets		Gross amounts of recognised financial assets		Gross amounts of recognised financial liabilities		Net amounts of financial assets presented in the Statement of Net Assets		Cash collateral received		Net amount	
	Gross amounts of recognised financial assets set-off in the Statement of Net Assets \$ 000s	Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets \$ 000s	Gross amounts of recognised financial assets set-off in the Statement of Net Assets \$ 000s	Gross amounts of recognised financial liabilities set-off in the Statement of Net Assets \$ 000s	Gross amounts of recognised financial assets \$ 000s	Gross amounts of recognised financial liabilities \$ 000s	Net amounts of financial assets presented in the Statement of Net Assets \$ 000s	Cash collateral received \$ 000s	Net amount \$ 000s	Gross amounts of recognised financial assets \$ 000s	Gross amounts of recognised financial liabilities \$ 000s	Net amounts of financial assets presented in the Statement of Net Assets \$ 000s	Cash collateral received \$ 000s	Net amount \$ 000s	Gross amounts of recognised financial assets \$ 000s	Gross amounts of recognised financial liabilities \$ 000s
CashPlus	-	-	21	(36)	21	(36)	537	(520)	17	-	537	(520)	17	656	(104)	537
Balanced	-	-	330	(563)	330	(563)	205	(6,100)	(5,895)	-	205	(6,100)	(5,895)	7,815	(7,377)	205
Default	-	-	90	(61)	90	(61)	818	(930)	(112)	-	818	(930)	(112)	932	(143)	818
Conservative	-	-	285	(480)	285	(480)	4,348	(5,220)	(872)	-	4,348	(5,220)	(872)	6,105	(1,562)	4,348
Grow th	-	-	-	-	-	-	(8,193)	-	(8,193)	-	(8,193)	-	(8,193)	1,066	(9,259)	(8,193)
Total	-	-	726	(1,140)	726	(1,140)	(2,285)	(12,770)	(15,055)	-	(2,285)	(12,770)	(15,055)	16,574	(18,445)	(1,160)

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

12. Financial Risk Management (continued)

Concentration of risk

The Investment Manager reviews the concentration of Net Assets held based on counterparties and industries. At balance date, the Scheme and Investment Fund's Net Asset exposures were concentrated in the following industries:

Description	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund	
	2019	2018	2019	2018	2019	2018	2019	2018
Banking and finance (including listed and unlisted unit trusts)	100%	91%	91%	93%	100%	100%	100%	100%
Government / Semi-Govt	-	-	-	-	66%	15%	34%	45%
Utilities, energy, industrials and materials	-	5%	5%	4%	11%	9%	18%	11%
Consumer discretionary, consumer staple	-	3%	4%	3%	4%	3%	14%	14%
Telecommunication services and technology	-	-	-	-	3%	3%	11%	11%
Health and pharmaceuticals	-	-	-	-	1%	1%	4%	4%
Other sectors	-	-	-	-	-	-	1%	1%
Total business sector risk	100%	100%	100%	100%	100%	100%	100%	100%

Description	Conservative Fund		Growth Fund		Total Scheme		
	2019	2018	2019	2018	2019	2018	2018
Banking and finance (including listed and unlisted unit trusts)	100%	31%	100%	46%	100%	42%	49%
Government / Semi-Govt	-	28%	-	-	-	16%	9%
Utilities, energy, industrials and materials	-	19%	-	11%	-	15%	6%
Consumer discretionary, consumer staple	-	9%	-	23%	-	13%	13%
Telecommunication services and technology	-	9%	-	13%	-	10%	10%
Health and pharmaceuticals	-	3%	-	4%	-	3%	13%
Other sectors	-	1%	-	3%	-	1%	4%
Total business sector risk	100%	100%	100%	100%	100%	100%	100%

(b) Settlement risk

The Scheme's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

The majority of transactions are conducted through a broker, which mitigates settlement risk by ensuring the transaction is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring processes described earlier.

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

12. Financial Risk Management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or a financial instrument, or that such obligations will have to be settled in a manner disadvantageous to the Scheme.

Management of liquidity risk

The Scheme is not utilised. Withdrawals are managed by each Member having their share of the Scheme assets sold at the prevailing market price. Order of liquidity is determined by the average time it takes to liquidate the Scheme's assets. Cash deposits can be held with any bank and in normal circumstances may be withdrawn within 24 hours. Equities are more liquid than fixed interest securities as they are exchange traded. Furthermore, unlisted unit trusts may take longer to liquidate if subjected to specific redemption clauses. The Investment Manager reviews the Scheme's investments on a daily basis to ensure their liquidity and provides oversight for risk management and derivative activities.

Maturity analysis for financial liabilities

Financial liabilities of the Scheme comprise payables for securities purchased, management and administration fees payable, and Member funds, all of which are due within one month except for maturity of derivative assets and liabilities held for risk management as outlined below:

	CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Maturity profile	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
under 1 month	-	1	(449)	(5,159)	-	2	(59)	(247)	(652)	(8,193)	(1,160)	(13,596)
1 - 6 months	-	44	-	761	-	69	-	658	-	-	-	1,532
6 - 12 months	-	-	-	-	-	-	-	-	-	-	-	-
1 - 2 years	-	(6)	-	(89)	-	(9)	-	(76)	-	-	-	(180)
2 - 5 years	-	502	-	4,752	-	754	-	4,059	-	-	-	10,067
More than 5 years	-	(4)	-	(60)	-	2	-	(46)	-	-	-	(109)
Total	-	537	(449)	205	-	818	(59)	4,348	(652)	(8,193)	(1,160)	(2,285)

Member funds can be redeemed or transferred on demand at the relevant Member's option provided the Member meets certain requirements of the KiwiSaver Act 2006. However, the Manager does not envisage that the contractual maturity will be representative of the actual cash outflows, as Members holding these instruments typically retain them for the medium to long term. As at 31 March 2019, no individual member held more than 10% of the Member funds (2018: nil).

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

12. Financial Risk Management (continued)

(d) Market price risk

Market price risk is the risk that the Scheme's income or the value of its holdings of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual financial instrument or by factors affecting all instruments of a specific type trading in a market. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Had the market price in local currency of the underlying financial instruments increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net income in Net Assets before membership activities and the net assets attributable to members would amount to the following:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Increase / decrease in net assets	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s
Equities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unlisted Unit Trusts	18,774	-	13,967	-	14	152,432	-	53,603	26,114	20,425	-	3,047	71,217	-
	-	-	-	-	6,525	3,676	133,878	-	78,109	35,863	410,693	-	138,237	68,714

A variable of 10% was selected for market price risk sensitivity as this is a reasonably expected movement.

Management of market price risk

The Scheme's strategy for the management of market price risk is driven by the Scheme's and Investment Funds' investment objectives. The investment objective applying to each Investment Fund is to deliver investment returns, over the relevant investment timeframe and after taking account of all fees, costs and taxes, which exceed the relevant benchmark. The Investment Manager aims to deliver those returns with lower volatility (i.e. less risk) than the benchmark. It looks to achieve this by investing in a range of different diversified investments with an allocation of assets spread across local and international cash, fixed interest securities and equities (which includes listed and unlisted unit trusts).

The Scheme and Investment Funds market risk is managed on a daily basis by the Investment Manager in accordance with the investment guidelines and other policies and procedures in place. Investment guidelines apply that guide the extent to which each Investment Fund invests in financial instruments to help ensure diversity and the use of forward foreign exchange contracts to mitigate fluctuations in foreign currency exchange rates. The Scheme's market positions are monitored on a daily basis by the Investment Manager. The Investment Manager also ensures each Investment Fund is well diversified across a number of financial instruments and investment themes. Investment Funds are regularly reviewed to ensure they are in line with the investment strategy. The Scheme may use derivatives to manage its exposure to foreign currency, interest rate and equity market risks.

(e) Interest rate risk

Interest rate risk affects the Scheme and Investment Funds in two ways - the value of a financial instrument may fluctuate due to a change in market interest rates, and a change in market interest rates may cause the cash flows received to fluctuate. The Investment Manager manages interest rate risk by actively managing the average maturity date of the Scheme and Investment Fund's fixed interest instruments in response to changes in the Investment Manager's interest rate view. Additionally, the Investment Manager manages the interest rate risk associated with cash holdings of the Scheme and Investment Funds by actively managing its exposure to cash and the currencies it holds.

**Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)**
For the year ended 31 March 2019

12. Financial Risk Management (continued)

(e) Interest rate risk

Interest rate sensitivities:

The Scheme's and Investment Funds' interest bearing financial assets and liabilities expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their fair values and cash flow.

Cash Flow Sensitivity Analysis

A change in interest rates impacts the cash flow of the Scheme's and Investment Funds' cash and cash equivalents and floating rate notes by increasing or decreasing the amount of interest received.

The following table shows the impact on fair values and net assets before a PIE tax adjustment that would be attributed to members of reasonably possible changes in interest rates on cash and cash equivalents and floating rate notes at balance date with all other variables held constant:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Cash and cash equivalents																
Impact of a +1% change in interest rates	1,132	15,022	1,192	10,072	75,631	102,748	1,201	10,107	9,956	36,588	62,856	44,289	22,871	21,278	174,839	240,084
Impact of a -1% change in interest rates	(11)	(150)	12	101	(756)	(1,027)	12	101	100	366	(629)	430	229	213	1,748	2,401
Floating rate notes	(11)	(150)	(12)	(101)	(756)	(1,027)	(12)	(101)	(100)	(366)	(629)	(430)	(229)	(213)	(1,748)	(2,401)
Impact of a +1% change in interest rates	-	26,345	-	10,677	-	2,560	-	8,091	-	2,586	-	1,584	-	-	51,843	51,843
Impact of a -1% change in interest rates	-	(263)	-	(107)	-	(26)	-	(81)	-	(26)	-	(16)	-	-	-	(518)

A variable of 1% was selected as this is a reasonably expected movement.

Fair Value Sensitivity Analysis

A change in interest rates impacts the fair value of the Scheme's fixed interest securities. Fair value changes impact on net assets only where the instruments are carried at fair value.

The following table shows the impact on fair values and net assets before a PIE tax adjustment that would be attributed to members of reasonably possible changes in yields on fixed interest securities at balance date with all other variables held constant:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Financial assets at FVTPL																
Impact of a +1% change in yields	-	108,491	-	79,579	-	538,210	-	102,725	-	463,264	-	71,515	-	-	-	1,363,784
Impact of a -1% change in yields	-	-	-	(837)	-	(12,615)	-	(1,507)	-	(11,076)	-	-	-	-	-	(26,035)
Carrying amount	-	-	-	868	-	13,082	-	1,562	-	11,481	-	-	-	-	-	26,993

A variable of 1% was selected as this is a reasonably expected movement.

Kiwi Wealth KiwiSaver Scheme

Notes to the Financial Statements (continued)

For the year ended 31 March 2019

12. Financial Risk Management (continued)

(f) Foreign Currency risk

Foreign currency risk is the risk that the value of a financial instrument or foreign cash will fluctuate due to changes in foreign exchange rates.

The Scheme is exposed to foreign currency risk through cash and cash equivalents, trade and other receivables, investment in fixed interest securities, trade and other payables and forward foreign exchange contracts. Note that the Cash Fund does not hold any foreign currency therefore has no foreign currency risk.

At 31 March 2019, the Scheme held assets and liabilities in foreign currencies as follows:

	CashPlus Fund						Balanced Fund							
	2019		2018		2019		2018		2019		2018			
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in exchange rate	% of +10% change in exchange rate	% of -10% change in exchange rate	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in exchange rate	% of +10% change in exchange rate	% of -10% change in exchange rate
Australian dollar	-	-	-	-	-	-	-	4,465	-	(4,477)	(12)	-	(1)	1
Canadian dollar	-	-	-	-	-	-	-	142	-	(143)	(1)	-	-	-
Euro	-	-	-	-	-	-	-	1,364	-	(1,662)	(298)	-	(227)	33
US dollar	-	-	-	-	-	-	-	4,833	-	(4,878)	(45)	-	(4)	5
Total foreign currency risk	-	-	-	-	-	-	-	10,804	-	(11,160)	(356)	-	(32)	39
	2019												2018	
	28,295	-	(28,504)	(209)	-	(19)	23	86,331	27,543	(115,716)	(1,842)	-	(167)	205
Australian dollar	-	-	-	-	-	-	-	2,413	9,243	(5,657)	5,999	-	545	(667)
Canadian dollar	-	-	-	-	-	-	-	-	22,024	(9,924)	12,100	1%	1,100	(1,344)
Swiss franc	-	-	-	-	-	-	-	-	5,816	(6,775)	(959)	-	(87)	107
Danish krone	-	-	-	-	-	-	-	-	42,270	(68,843)	(3,826)	-	(348)	425
Euro	-	-	-	-	-	-	-	22,747	24,704	(18,221)	6,617	-	602	(735)
Pound sterling	-	-	-	-	-	-	-	134	29,353	(7,902)	21,455	1%	1,950	(2,384)
Hong Kong dollar	-	-	-	-	-	-	-	4	26,158	(20,567)	7,495	1%	681	(833)
Japanese yen	-	-	-	-	-	-	-	1,904	15,178	-	15,360	1%	1,396	(1,707)
Korean won	-	-	-	-	-	-	-	182	2,094	(2,121)	(27)	-	(2)	3
Norwegian krone	-	-	-	-	-	-	-	-	415	(1,233)	(663)	-	(60)	74
Swedish krona	-	-	-	-	-	-	-	155	4,876	(5,030)	(154)	-	(14)	17
Singapore dollar	-	-	-	-	-	-	-	-	2,401	-	2,401	-	218	(267)
Taiwan dollar	-	-	-	-	-	-	-	-	73,869	(351,771)	99,012	7%	9,001	(11,001)
US dollar	28,497	-	(32,561)	(4,064)	-	(369)	452	187,739	376,914	(351,771)	162,968	11%	14,815	(18,107)
Total foreign currency risk	56,792	-	(61,065)	(4,273)	-	(388)	475	187,739	588,989	(613,760)	162,968	11%	14,815	(18,107)

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

12. Financial Risk Management (continued)
(f) Foreign Currency risk (continued)

	Default Fund											
	2019					2018						
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in exchange rate	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in exchange rate		
Australian dollar	-	-	-	-	-	6,885	-	(6,908)	(23)	-	(2)	3
Canadian dollar	-	-	-	-	-	207	-	(208)	(1)	-	-	-
Euro	-	-	-	-	-	2,478	-	(3,018)	(540)	-	(49)	60
US dollar	6	-	-	6	-	8,573	-	(8,659)	(86)	-	(8)	10
Total foreign currency risk	6	-	-	6	-	18,143	-	(18,793)	(550)	-	(59)	73

	Conservative Fund											
	2019					2018						
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in exchange rate	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of investment in exchange rate		
Australian dollar	3,778	-	(3,806)	(28)	-	73,655	3,301	(76,705)	251	-	23	(28)
Canadian dollar	-	-	-	-	-	2,001	1,124	(2,159)	966	-	88	(107)
Swiss franc	-	-	-	-	-	-	2,664	(445)	2,219	-	202	(246)
Danish krone	-	-	-	-	-	-	733	(304)	429	-	39	(48)
Euro	-	-	-	-	-	18,428	5,137	(24,218)	(653)	-	(59)	73
Pound sterling	-	-	-	-	-	16	3,005	(820)	2,201	-	200	(245)
Hong Kong dollar	-	-	-	-	-	-	3,213	(355)	3,213	1%	292	(357)
Japanese yen	-	-	-	-	-	228	3,184	(925)	2,487	1%	226	(276)
Korean won	-	-	-	-	-	22	1,834	(925)	1,856	-	169	(206)
Norwegian krone	-	-	-	-	-	-	256	(95)	161	-	15	(18)
Swedish krona	-	-	-	-	-	19	49	(55)	13	-	1	(1)
Singapore dollar	-	-	-	-	-	-	591	(226)	365	-	33	(41)
Taiwan dollar	-	-	-	-	-	-	293	-	293	-	27	(33)
US dollar	3,687	-	(4,158)	(469)	-	67,172	45,890	(83,440)	29,622	5%	2,693	(3,291)
Total foreign currency risk	7,465	-	(7,962)	(497)	-	161,541	71,629	(189,747)	43,423	7%	3,949	(4,824)



Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019

12. Financial Risk Management (continued)
(f) Foreign Currency risk (continued)

	2019						2018					
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of Fund rate	Investment in exchange rate	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of Fund rate	Investment in exchange rate
Australian dollar	41,276	-	(41,581)	(305)	-	(28)	34	-	-	-	(305)	373
Canadian dollar	-	-	-	-	-	-	-	-	-	-	763	(933)
Swiss franc	-	-	-	-	-	-	-	-	-	-	1,476	(1,804)
Danish krone	-	-	-	-	-	-	-	-	-	-	(207)	254
Euro	-	-	-	-	-	-	-	-	-	-	(375)	458
Pound sterling	-	-	-	-	-	-	-	-	-	-	687	(840)
Hong Kong dollar	-	-	-	-	-	-	-	-	-	-	2,747	(3,358)
Japanese yen	-	-	-	-	-	-	-	-	-	-	757	(926)
Korean won	-	-	-	-	-	-	-	-	-	-	8,332	(2,489)
New zealand krona	-	-	-	-	-	-	-	-	-	-	22,400	2,036
Swedish krona	-	-	-	-	-	-	-	-	-	-	(310)	35
Singapore dollar	-	-	-	-	-	-	-	-	-	-	(1,140)	127
Taiwan dollar	-	-	-	-	-	-	-	-	-	-	(896)	100
US dollar	-	-	-	-	-	-	-	-	-	-	3,505	(389)
Total foreign currency risk	41,393	-	(47,061)	(5,668)	-	(515)	630	-	(5,556)	9%	10,375	(12,681)
	82,658	-	(88,642)	(5,974)	-	(543)	664	-	(5,556)	17%	18,060	(22,073)

	2019						2018					
	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of Fund rate	Investment in exchange rate	Monetary financial assets and liabilities \$ 000s	Non-monetary assets \$ 000s	Forward foreign exchange contracts \$ 000s	Net exposure \$ 000s	% of Fund rate	Investment in exchange rate
Australian dollar	463	-	-	463	(36%)	42	1,222	-	-	1,222	(24%)	111
Pound sterling	19	-	-	19	(1%)	2	20	-	-	20	-	-
Total foreign currency risk	482	-	-	482	(37%)	44	1,242	-	-	1,242	(24%)	111
												(136)
												(136)



**Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)**
For the year ended 31 March 2019

12. Financial Risk Management (continued)

(f) Foreign Currency risk (continued)

	2019										2018														
	Monetary financial assets and liabilities		Non-Forward foreign exchange contracts		Net exposure		% of +10% change -10% change in exchange rate		Monetary financial assets and liabilities		Non-monetary assets		Forward foreign exchange contracts		Net exposure		% of +10% change -10% change in exchange rate								
	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s							
Australian dollar	73,812	-	-	(73,891)	(79)	-	(7)	9	172,696	69,237	(245,690)	(3,757)	(341)	418	Canadian dollar	-	-	-	-	4,790	23,886	(13,320)	15,356	1,396	(1,707)
Swiss franc	-	-	-	-	-	-	-	-	-	56,685	(26,129)	30,556	2,778	(3,394)	Danish krone	-	-	-	-	-	15,025	(17,837)	(2,812)	(255)	313
Euro	-	-	-	-	-	-	-	-	46,395	109,054	(164,887)	(9,438)	(858)	1,049	Japanese Yen	19	-	19	-	365	64,010	(47,974)	16,401	1,489	(1,820)
Pound sterling	-	-	-	-	-	-	-	-	10	75,684	(20,805)	54,889	4,989	(6,099)	Hong Kong dollar	-	-	-	-	4,861	67,604	(54,151)	18,314	(2,035)	(4,402)
Korean won	-	-	-	-	-	-	-	-	468	39,148	(5,584)	(176)	(15)	20	US dollar	-	-	-	-	399	5,408	(3,246)	(1,790)	(163)	200
US dollar	73,582	-	-	(83,778)	(10,195)	-	(927)	1,133	-	12,559	(13,244)	(885)	(62)	76	Taiwan dollar	-	-	-	-	-	6,199	-	6199	(689)	-
Total foreign currency risk	147,413	-	-	(157,669)	(10,255)	-	(932)	1,140	378,875	1,517,329	(1,490,899)	405,305	36,844	(26,958)	Total Scheme	-	-	-	-	242,632	971,773	(878,032)	242,632	22,057	(26,958)

A variable of 10% was selected as this is a reasonably expected movement.

13. Derivative Asset and Liabilities

Forward currency contracts are primarily used by the Scheme to economically hedge against foreign currency exchange rate risks on its non New Zealand denominated securities. The open forward positions as at balance date are outlined below:

CashPlus Fund				Balanced Fund				Default Fund			
2019	2019	2018	2018	2019	2019	2018	2018	2019	2019	2018	2018
\$ 000s	Net Asset/(Liability)	\$ 000s	Net Asset/(Liability)	\$ 000s	Net Asset/(Liability)	\$ 000s	Net Asset/(Liability)	\$ 000s	Net Asset/(Liability)	\$ 000s	Net Asset/(Liability)
2019	7,903	2019	14,871	2019	60,616	2019	718,732	2019	-	2018	24,166
2018	246,970	2018	537	2018	(449)	2018	205	2018	(1,160)	2018	818
Notional Asset/(Liability)	(59)	Notional Asset/(Liability)	14,871	Notional Asset/(Liability)	60,616	Notional Asset/(Liability)	718,732	Notional Asset/(Liability)	(1,160)	Notional Asset/(Liability)	24,166
Notional Asset/(Liability)	(59)	Notional Asset/(Liability)	14,871	Notional Asset/(Liability)	60,616	Notional Asset/(Liability)	718,732	Notional Asset/(Liability)	(1,160)	Notional Asset/(Liability)	24,166

Conservative Fund				Growth Fund				Total Scheme			
2019	2019	2018	2018	2019	2019	2018	2018	2019	2019	2018	2018
\$ 000s	Net Asset/(Liability)	\$ 000s	Net Asset/(Liability)	\$ 000s	Net Asset/(Liability)	\$ 000s	Net Asset/(Liability)	\$ 000s	Net Asset/(Liability)	\$ 000s	Net Asset/(Liability)
2019	7,903	2019	246,970	2019	87,990	2019	720,811	2019	156,509	2018	1,725,550
2018	246,970	2018	4,348	2018	(652)	2018	(8,194)	2018	(1,160)	2018	(2,286)
Notional Asset/(Liability)	(59)	Notional Asset/(Liability)	246,970	Notional Asset/(Liability)	87,990	Notional Asset/(Liability)	720,811	Notional Asset/(Liability)	(1,160)	Notional Asset/(Liability)	1,725,550
Notional Asset/(Liability)	(59)	Notional Asset/(Liability)	246,970	Notional Asset/(Liability)	87,990	Notional Asset/(Liability)	720,811	Notional Asset/(Liability)	(1,160)	Notional Asset/(Liability)	1,725,550



Kiwi Wealth KiwiSaver Scheme Notes to the Financial Statements (continued)

For the year ended 31 March 2019

14. Capital Management

The Scheme's capital is represented by the market value of the underlying net assets held by the Scheme on behalf of its Members and is reflected in the Statements of Net Assets. The Scheme is not subject to any externally imposed capital requirements. The Scheme's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its Members and to maximise the Scheme's value as well as ensuring its net assets are sufficient to meet all present and future obligations. In order to meet its objectives for capital management, the Manager reviews the Scheme's performance on a regular basis.

15. Related Party Transactions and balances

Related parties comprise the Supervisor, the Manager (and shareholders of the Manager) and other entities directly or indirectly controlled by the ultimate parent entity of the Manager as detailed in note 1.

As at 31 March 2019, the Scheme and Investment Funds held interests in financial instruments issued by related parties.

The following tables specify the relevant related party financial instruments and their fair values:

Related party issuer	Total Fund				Balanced Fund				Default Fund			
	2019 Units	2018 Units	2019 Fair value \$ '000s	2018 Fair value \$ '000s	2019 Units	2018 Units	2019 Fair value \$ '000s	2018 Fair value \$ '000s	2019 Units	2018 Units	2019 Fair value \$ '000s	2018 Fair value \$ '000s
Kiwi Bank Term Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Kiwi Investment Management Total Fund	-	-	-	-	-	-	-	-	-	-	-	-
Kiwi Investment Management Core Fixed Income Fund	-	-	-	-	-	-	-	-	-	-	-	-
Core Global - Hedged	185,914	-	187,741	-	-	-	-	-	64,268	-	95,228	66,108
Core Global - Unhedged	-	-	-	-	-	-	-	-	95,228	-	98,333	66,108
Kiwi Investment Management Wholesale Global Quant Fund - Hedged	-	-	-	-	-	-	-	-	17,964	-	20,251	20,554
Kiwi Investment Management Wholesale Global Quant Fund - Unhedged	-	-	-	-	-	-	-	-	17,205	-	20,554	20,554
Kiwi Investment Management Wholesale Global Thematic Fund - Hedged	-	-	-	-	-	-	-	-	-	-	-	-
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged	-	-	-	-	-	-	-	-	-	-	-	-
Conservative Fund												
Total Scheme												
2019												
2018												
Related party issuer	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value
Kiwi Bank Term Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Kiwi Investment Management Total Fund	-	-	-	-	-	-	-	-	-	-	-	-
Kiwi Investment Management Core Fixed Income Fund	-	-	-	-	-	-	-	-	-	-	-	-
Core Global - Hedged	576,941	595,750	-	-	47,042	47,658	-	-	82,493	83,574	379,115	384,081
Core Global - Unhedged	8,510	9,594	-	-	182,483	205,691	-	-	54,323	56,094	1,346,555	1,380,455
Kiwi Investment Management Wholesale Global Quant Fund - Hedged	15,821	18,904	-	-	92,182	110,121	-	-	132,356	141,078	326,485	368,025
Kiwi Investment Management Wholesale Global Quant Fund - Unhedged	11,563	12,284	-	-	247,912	263,555	-	-	129,188	141,924	185,349	233,366
Kiwi Investment Management Wholesale Global Thematic Fund - Hedged	23,887	24,219	-	-	139,082	141,108	-	-	418,986	445,428	418,986	445,428
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged	13,161	14,811	-	-	295,319	317,853	-	-	499,297	537,395	499,297	537,395
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged	28,399	29,178	-	-	155,632	170,170	-	-	320,058	328,828	320,058	328,828
Cash Fund												
Total Scheme												
2019												
2018												
Cash Fund	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value
Cash Plus Fund	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value
Balanced Fund	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value
Default Fund	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value
Conservative Fund	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value
Growth Fund	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value
Transaction account	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value
Total Scheme	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value	Units	Fair value
Cash Fund	153,386	154,004	2,903	2,903	1,161	1,161	1,161	1,161	23,685	23,685	23,685	23,685
Cash Plus Fund	(4,463)	(4,463)	(2,140)	(2,140)	1,161	1,161	1,161	1,161	8,781	8,781	8,781	8,781
Balanced Fund	43	43	9	9	7	7	7	7	5	5	5	5
Default Fund	-	-	-	-	-	-	-	-	-	-	-	-
Conservative Fund	-	-	-	-	-	-	-	-	-	-	-	-
Growth Fund	-	-	-	-	-	-	-	-	-	-	-	-
Transaction account	-	-	-	-	-	-	-	-	-	-	-	-
Total Scheme	149,976	149,587	2,772	2,772	9,495	9,495	9,495	9,495	32,166	32,166	32,166	32,166

Transfer of financial instruments at fair value through profit or loss
Purchase of financial instruments at fair value through profit or loss
Sale of financial assets at fair value through profit or loss
Interest income recognised during the year



**Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)
For the year ended 31 March 2019**

15. Related Party Transactions and balances (continued)

The Funds transferred the below assets to Related Party Funds on 26 October 2018.

Related party	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Total Scheme					
	Units	Fair value \$ '000s	Units	Fair value \$ '000s	Units	Fair value \$ '000s	Units	Fair value \$ '000s	Units	Fair value \$ '000s	Units	Fair value \$ '000s	Units	Fair value \$ '000s				
Kiwi Investment Management Cash Fund	-	167,844	-	167,844	-	-	-	-	-	-	-	-	-	-				
Kiwi Investment Management Core Fixed Income Fund	-	-	71,559	47,693	71,559	47,693	605,056	605,056	58,650	88,315	58,650	88,315	552,684	552,684				
Kiwi Investment Management Wholesale Global Quant Fund - Hedged	-	-	-	-	156,009	156,009	156,009	156,009	10,234	10,234	10,234	10,234	10,234	246,014				
Kiwi Investment Management Wholesale Global Quant Fund - Unhedged	-	-	-	-	101,953	101,953	101,953	101,953	22,445	22,445	22,445	22,445	22,445	131,979				
Kiwi Investment Management Wholesale Global Thematic Fund - Hedged	-	-	-	-	190,790	190,790	190,790	190,790	12,542	12,542	12,542	12,542	12,542	300,869				
Kiwi Investment Management Wholesale Global Thematic Fund - Unhedged	-	-	-	-	124,684	124,684	124,684	124,684	27,509	27,509	27,509	27,509	27,509	161,406				
Total Assets Transferred	167,844	167,844	119,252	119,252	119,252	119,252	1,178,492	1,178,492	147,165	147,165	147,165	147,169	625,414	625,414	881,169	881,169	3,419,336	3,419,336

In accordance with the Trust Deed, related party transactions above are effected on commercial arm's length terms.

The fee deducted monthly by the Manager covers supervisor, audit and investment management charges (among others) as described in note 6. Such charges are invoiced to and paid by the Manager out of the fee it receives. There are no other related party charges.

Management and administration fees charged to and payable by the Scheme and Investment Funds to the Manager were:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Balance due at the beginning of the year	21	15	18	12	327	244	26	18	142	105	283	200	-	-	817	594
Current year management fees	1,005	813	935	699	15,695	14,027	1,342	1,088	6,989	5,903	13,684	11,944	-	-	39,640	34,484
Payment made during the year	(998)	(807)	(926)	(693)	(15,605)	(13,944)	(1,331)	(1,090)	(6,943)	(5,866)	(13,611)	(11,861)	-	-	(39,414)	(34,261)
Balance due at the end of the year	28	21	27	18	407	327	37	26	188	142	356	283	-	-	1,043	817

Outstanding balances due to related parties are due within a month of balance date and are not interest bearing.

From time to time, the Investment Manager undertakes certain re-balancing trades of investments between the Scheme and various other Funds managed by the Investment Manager. On occasion, to facilitate Scheme requirements, in specie transfers between them may occur. In the opinion of the Manager and the Investment Manager, these transactions were made at fair value and there was no detrimental impact on Members of the Scheme. The amounts of such transactions were:

	Cash Fund		CashPlus Fund		Balanced Fund		Default Fund		Conservative Fund		Growth Fund		Transaction account		Total Scheme	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Transfer of investments	-	-	108,680	-	1,152,442	173,928	137,027	23,685	609,776	20,958	850,119	241,924	-	-	3,010,318	460,413
Purchase of investments	-	-	-	-	3,229	(8,187)	-	548	(176)	3,241	2,822	(4,959)	-	-	9,840	9,840
Sale of investments	-	-	-	-	(147)	-	-	(176)	(17)	(2,818)	(202)	-	-	-	(366)	(16,139)

Kiwi Wealth KiwiSaver Scheme
Notes to the Financial Statements (continued)

For the year ended 31 March 2019

16. Contingent Liabilities

As at 31 March 2019, the Scheme has no known outstanding contingent liabilities or commitments (2018: nil).

17. Events Subsequent to Balance Date

The CashPlus Fund was closed to new members effective 1 April 2019. Apart from this, there were no other significant events subsequent to balance date which require adjustment to or disclosure in these financial statements.



Independent auditor's report

To the members of Kiwi Wealth KiwiSaver Scheme, comprising:

- Cash Fund
- CashPlus Fund
- Balanced Fund
- Default Fund
- Conservative Fund
- Growth Fund
- Transaction Account

(Collectively referred to as the “Investment Funds”)

We have audited the financial statements of the Kiwi Wealth KiwiSaver Scheme (the Scheme) and the Investment Funds, which comprise:

- the Statements of Net Assets as at 31 March 2019;
- the Statements of Changes in Net Assets for the year then ended;
- the Statements of Cash Flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Our opinion

In our opinion, the financial statements of the Scheme and the Investment Funds present fairly, in all material respects, the financial position of the Scheme and the Investment Funds as at 31 March 2019, their financial performance and their cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Scheme and Investment Funds in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We have provided the following services to Kiwi Wealth Limited, the Scheme and the Investment Funds' Manager: Supervisor and Registry compliance assurance reporting. Subject to certain restrictions, employees of the firm may invest in the Scheme and Investment Funds on normal market terms. These services have not impaired our independence as auditor of the Scheme and the Investment Funds.

Our audit approach

Overview



An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. We determine materiality for the Scheme and each Investment Fund separately.

Our materiality for the Scheme and each Investment Fund (excluding the Transaction Account) is calculated based on 1% of the net assets and materiality for the Transaction Account is calculated based on 1% of total contributions for the year.

We chose net assets as the benchmark for each Investment Fund and the Scheme because, in our view, it is the benchmark against which the performance of each Investment Fund and the Scheme is most commonly measured by readers, and is a generally accepted benchmark for a fund and scheme. For the Transaction Account, we chose contributions as the benchmark as it more accurately reflects the structure of the account.

Because of the significance of the investments to the financial statements, we have determined there is one key audit matter: valuation and existence of financial assets held at fair value through profit or loss.

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the Scheme and each Investment Fund's financial statements as a whole as set out above. These, together with qualitative considerations helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the Scheme and each Investment Funds' financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the Scheme and each Investment Fund's financial statements as a whole, taking into account the structure of the Scheme, the types of investments held by the Scheme, the accounting processes and controls, the use of third party service and the industry in which the Scheme operates.

Kiwi Wealth Limited ("the Manager") is responsible for the governance and control activities of the Scheme. The Manager has appointed JBWere ("the Custodian") to act as Custodian of the Scheme's investments. The Investment Management of the Scheme's assets and administration has been delegated to Kiwi Wealth Investment Limited Partnership ("the Administrator").

In establishing our overall audit approach, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the control environment in place at the Manager, the Administrator and the Custodian.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. Given the nature of the Scheme we have one key audit matter: valuation and existence of financial assets held at fair value through profit or loss. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter	How our audit addressed the key audit matter																								
<p><i>Valuation and existence of financial assets held at fair value through profit or loss (FVTPL)</i></p> <p>As at 31 March 2019, financial assets held at FVTPL amounted to:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Investment Fund</th> <th style="text-align: right;">31/03/2019 (\$'000)</th> <th style="text-align: right;">31/03/2018 (\$'000)</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td style="text-align: right;">187,741</td> <td style="text-align: right;">134,836</td> </tr> <tr> <td>CashPlus</td> <td style="text-align: right;">139,668</td> <td style="text-align: right;">90,968</td> </tr> <tr> <td>Balanced</td> <td style="text-align: right;">1,524,321</td> <td style="text-align: right;">1,343,889</td> </tr> <tr> <td>Default</td> <td style="text-align: right;">204,246</td> <td style="text-align: right;">142,168</td> </tr> <tr> <td>Conservative</td> <td style="text-align: right;">712,173</td> <td style="text-align: right;">572,953</td> </tr> <tr> <td>Growth</td> <td style="text-align: right;">1,338,782</td> <td style="text-align: right;">1,212,813</td> </tr> <tr> <td>Scheme</td> <td style="text-align: right;">4,106,931</td> <td style="text-align: right;">3,497,627</td> </tr> </tbody> </table> <p>Financial assets held at FVTPL are included in note 8 of the financial statements.</p> <p>This was an area of focus as it represents the substantial majority of net assets of the Scheme and the Investment Funds.</p> <p>As at 31 March 2019, the majority of the financial assets held by the Scheme and the Investment Funds comprise investments in unlisted unit trusts.</p> <p>The fair values of the unlisted unit trusts are based on the redemption prices established by the respective investment fund administrators and categorised as level 2 in the fair value hierarchy. In assessing the fair value, the Manager uses information provided by the investment fund administrators including the financial statements of the underlying funds and recent transaction prices.</p>	Investment Fund	31/03/2019 (\$'000)	31/03/2018 (\$'000)	Cash	187,741	134,836	CashPlus	139,668	90,968	Balanced	1,524,321	1,343,889	Default	204,246	142,168	Conservative	712,173	572,953	Growth	1,338,782	1,212,813	Scheme	4,106,931	3,497,627	<p>We assessed the processes employed by the Manager, for recording and valuing the financial assets at FVTPL including the relevant controls operated by the Custodian.</p> <p>Our assessment of the business processes included:</p> <ul style="list-style-type: none"> • Understanding of the business processes over classification, recognition and measurement of financial assets held at FVTPL. • Obtaining the Custodian's internal controls reports over custody services for the year ended 30 September 2018 and an accompanying bridging letter until 31 March 2019. We evaluated the sufficiency and appropriateness of the evidence provided by the controls reports over the design and operating effectiveness of the key controls operated by the Custodian and considered additional controls in place at the Manager to cover the period of the bridging letter. • Evaluating the design and operating effectiveness of controls in place at the Manager and the Administrator, which included but was not limited to evaluating the appropriateness of users authorising investment transactions, evaluating system controls that limit transacting above total holdings and the review of bank reconciliations. <p>For investments in unlisted unit trusts we agreed the redemption price at year end to the confirmation obtained from the investment fund administrator of the unit trusts. We evaluated whether the redemption price represents fair value by comparing the:</p> <ul style="list-style-type: none"> • valuation of the investments in unlisted unit trusts to the Net Asset Value per unit
Investment Fund	31/03/2019 (\$'000)	31/03/2018 (\$'000)																							
Cash	187,741	134,836																							
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Scheme	4,106,931	3,497,627																							



	<p>calculated based on the audited financial statements of the unlisted unit trusts; or</p> <ul style="list-style-type: none"> • redemption price at 31 March 2019 to recent transaction prices where the controls reports for the investment fund administrators were not available. <p>For existence, we agreed the number of units of financial assets at FVTPL held by the Investment Funds and Scheme at 31 March 2019 to a confirmation obtained directly from the Custodian.</p> <p>From the procedures performed, we have no matters to report.</p>
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Information other than the financial statements and auditor’s report

Kiwi Wealth Limited (the Manager) is responsible for the annual report.

Our opinion on the financial statements does not cover the other information included in the annual report and we do not, and will not, express any form of assurance conclusion on other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the financial statements, if other information is included in the annual report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of our auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Scheme and each Investment Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Scheme and Investment Funds or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board’s website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor’s report.



Who we report to

This report is made solely to the Scheme and each Investment Fund's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Investment Funds' members, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Ussher.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accounts

5 July 2019

Wellington